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RUEHNZ/AMCONSUL AUCKLAND 0601
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SUBJECT: FIJI UPDATE -- CHAUDHRY PROBLEMS; BAINIMARAMA ON
LAND, GCC, AND CORRUPTION

REF: SUVA 072

Classified By: Amb. Dinger. Sec. 1.4 (B,D).

Summary

1. (C) Fiji newspapers confirmed over the weekend that interim government (IG) Finance Minister Chaudhry is the minister who allegedly engaged in tax evasion related to income from around US\$1 million placed in Australian bank accounts by sources in India in the years after Fiji's 2000 coup. In a media event on Feb. 24, interim PM Bainimarama said an investigation last year found no wrongdoing. He said Chaudhry has asked for a new inquiry with the results to be made public. Bainimarama did not say if that would happen. It appears he does not intend to suspend Chaudhry, although evidence continues to mount that the Military Council really wants Chaudhry removed. Fiji Ambassador to China Jim Ah Koy has confirmed he would like the Finance job. In the media event, Bainimarama lambasted the IG's political opponents and the media for misrepresenting IG policies on land use, the Great Council of Chiefs (GCC), and corruption. We comment that Fiji has plenty of hypocrisy on all sides, but the IG protests too much. Bainimarama and others argue for clean, fresh governance; but too often their behavior does not reflect the values they espouse. End summary.

Chaudhry and tax-evasion charges

2. (SBU) For months, the Fiji Sun has been carrying detailed tax-evasion allegations against an interim government (IG) minister. Everyone knew it was Finance Minister Chaudhry, but nobody named the name. Last week, Chaudhry, whose portfolio includes the Fiji Islands Customs and Tax Authority (FIRCA), dared the media to name the minister. On Saturday, the Fiji Times, a Murdoch publication, did so in front-page headlines. Leaked FIRCA documents indicate that sources associated with the Haryana State Government, India, provided Australian \$1.5 million to Chaudhry bank accounts in Australia during 2000-2003, after Fiji's 2000 coup. Some of the money was transferred via India's Consulate in Sydney. Chaudhry reportedly did not declare interest from those accounts on his Fiji tax returns until FIRCA challenged him. Allegedly, Chaudhry still owed FIRCA some F\$60,000 as of last August, just before Chaudhry declared an income-tax amnesty to permit those with taxes owing to repay without further penalty or criminal charges. Deposed PM Qarase, deposed Opposition Leader Beddoes, Transparency International, and

others have called for Chaudhry to resign or at least step aside pending investigation.

13. (SBU) On Sunday, Feb. 25, in a press event on a variety of issues, interim PM Bainimarama, reading from a prepared text, began by noting he had asked FIRCA to look into the Chaudhry allegations last year, and FIRCA had reported back "no breaches of the Income Tax Act." Bainimarama said Chaudhry has now sent him a letter suggesting the IG carry out "any necessary action to establish the truth" and make the findings public. Bainimarama did not say if he would order a new investigation. Later in a Fijian-language media discussion, Bainimarama reportedly said he does not intend to suspend Chaudhry, who has announced he will file defamation suits shortly against the Fiji Times and Fiji Sun. On Sunday, FIRCA announced it will investigate two former employees who reportedly have become media sources. Last year FIRCA fired both those men, and a number of other senior employees, who reportedly had been working on the Chaudhry case. The ex-employees say the firings were to protect Chaudhry; FIRCA denies that.

Other intrigues: Military Council and Ah Koy

14. (C) One of the former FIRCA officials told the media on Saturday that a representative of the Military Council asked him for documents on Chaudhry's tax problem last week, and a military officer phoned after Chaudhry issued his challenge to name the minister, urging, "The time is now to speak out." If true, those conversations would confirm recent rumors that the Military Council is upset that Chaudhry remains Finance Minister and wants him out. Also, Fiji's Ambassador to China, Sir James Ah Koy, is back in Suva on a trade

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mission. Before taking up his mission in China, Ah Koy had made no secret of his view that Bainimarama should replace Chaudhry, preferably with Ah Koy himself. On Sunday, Ah Koy called on Chaudhry to stand aside or resign to allow a fair investigation. Ah Koy said he would gladly take on the Finance portfolio if asked.

Controversial "Land use" idea only a recommendation

15. (SBU) In the press conference, Bainimarama attempted to defuse concerns in the ethnic-Fijian community about his "land use" plans (see reftel). He said "categorically that no de-reserving of indigenous land will take place if it does not give any economic benefit to indigenous Fijians. It goes without saying that the land owners need to consent to the de-reserving..." He added that no decisions have been made. He accused the media and IG opponents of being "liars" and of stirring up controversy for their personal and political gain. He said, "We as indigenous Fijians have to wake up and realize that our lives will not improve simply because we allow some chiefs and the elite to hold political positions. Our lives will only improve when we all work together as a nation...."

Clarifying GCC regulations

16. (C) Bainimarama then turned to the recent, incendiary flap over IG plans to reform the Great Council of Chiefs (GCC), with himself as Chair (reftel). After laying into the media and IG opponents again, Bainimarama said the only substantive deviation the IG made from a commission's report was to have the Fijian Affairs Minister be Chair. The IG decided a direct link between the GCC and the government of the day is important. He said the "mere presence of a minister" out of 52 members does not make a body political; and he drew a distinction between the Minister of Fijian Affairs and himself, though he just happened to name himself to that post in January. Comment: it seems obvious that Bainimarama made the change to ensure he can control the new GCC, in particular when that GCC is asked to appoint President and/or Vice President nominees. End comment.

Combating corruption

17. (SBU) Bainimarama noted that the Fiji Independent Commission Against Corruption (FICAC) has a series of cases in the works. (FICAC called in Qarase for questioning over the weekend, and reliable sources say charges are to be filed against him in early March.) Bainimarama predicted that the usual anti-IG complainants will attack FICAC's credibility and will seek to undermine the independence of the judiciary, including by using "friends and connections in international and overseas agencies."

Accusing the media of anti-IG bias

18. (SBU) In the press conference, Bainimarama lambasted the media repeatedly. He asked reporters to "strive harder to recognize the truth...be fair"... "stop double standards in reporting, stop getting used by people who want to conceal the truth by dividing our nation."

Comment

19. (C) Bainimarama protests too much. He, Chaudhry, and others in the IG have a natural desire to have the media and the public always accept that their motives are pure and their political opponents' motives are nasty. Fiji is more complex than that, and all sides can justifiably be accused of hypocrisy on many occasions. A reason that Bainimarama and his IG colleagues have trouble gaining credibility is that their policies, particularly on corruption, do not jibe with their stated goals. Witness the Chaudhry mess. On a wealth of issues, they leave an impression that they really believe they can sell the public a bill of goods, and the media and public should just salute, as good soldiers do.
DINGER